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(Please note that "Information Only" reports do not require Equality Impact Assessments, Legal or Finance Comments as no decision is being taken)



**Portsmouth**  
CITY COUNCIL

**Title of meeting:** Communities and Central Services Decision Meeting

**Subject:** Monitoring of the Second Quarter 2022/23 Revenue Cash Limits

**Date of meeting:** Friday 4th November 2022

**Report by:** Director of Finance and Resources

**Wards affected:** ALL

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**1. Requested by**

The Cabinet Member for the Communities and Central Services Portfolio.

**2. Purpose**

- 2.1 To inform the Cabinet Member and Opposition Spokespersons of the forecast revenue expenditure for the year compared with the cash limited budget as at the end of the second quarter 2022/23.

**3. Information Requested**

3.1 Forecast outturn 2022/23

	£000
Forecast Net Overspend (before transfers to/from Reserves)	1,779
Less:	
Covid-19 costs met from Contingency	(188)
Windfall and Exceptional & Significant Items	(1,211)
<b>Net Portfolio (under)/overspend</b>	<b>380</b>

Analysis of this portfolio's variations is attached at Appendix A.

**4. Revenue Expenditure**

- 4.1 The overall net position for this portfolio (set out in para 3.1) is a net overspend of £379,600 after excluding windfall and exceptional & significant items (£1,221,400) and Covid-19 related expenditure (£188,000).

Exceptional & significant items relate to higher utility costs across the portfolio, the majority relating to the Civic Offices.

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- 4.2 It is noted that the Budget approved by the City Council on 15<sup>th</sup> February 2022 included a provision within the Council's Corporate Contingency to meet estimated Covid-19 related costs and lost income. It is also noted that any variances within Portfolios that relate to windfall costs or windfall savings will be met / taken corporately and not generally considered as part of the overall budget performance of a Portfolio. "Windfall costs" are defined as those costs where the manager has little or no influence or control over such costs and where the size of those costs is high in relation to the overall budget controlled by that manager. "Windfall costs" therefore are ordinarily met corporately from the Council's central contingency. However, the portfolio holder and manager do have an obligation to minimise the impact of a 'windfall cost' from within their areas of responsibility in order to protect the overall financial position of the Council.

The windfall items within the portfolio include Rent Allowances, Rent Rebates, Land Charges and District Audit Fees.

Information on the main variances set out in paras 4.3 to 4.8 should be read in conjunction with Appendix A

4.3 Item 2 Audit Risk & Insurance underspend of £30,000

This underspend arises from staff on maternity leave during the year.

4.4 Item 3 Human resources - overspend £145,000

This overspend relates to:

- a reduction in income from some traded services
- previous funding for wellness support has not continued.
- a budgeted vacancy provision not yet fully achieved

The Directorate is reviewing vacancies as they arise and exploring opportunities for income and efficiencies in order to mitigate the overall forecast overspending position.

4.5 Item 8 Information Services - overspend £198,400

The Information Service overspend is a result of the delay in the implementation of Office365 with budgeted staff savings of £168,700 which have yet to be fully realised. In addition a budgeted vacancy provision has not yet been fully achieved.

The service is continuing to review current expenditure to mitigate the effects of this overspend.

Item 12 Local Taxation - overspend £188,000

Following the pandemic there is a shortage of available court dates relating to the recovery action on overdue council Tax. This delay is forecast to result in a shortfall in court fee income. These costs will be met from Corporate Contingency.

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**4.6    Item 19 Municipal Elections - overspend £21,800**

The cost of Municipal Elections changes year by year depending on the number of elections taking place on the same day and any contribution received, with any fluctuations being met from the portfolio reserve. In the current year the full cost of the Municipal Elections will fall to the City Council (no other contributions) and the additional cost will be met from the portfolio reserve.

**4.7    Item 22 Facilities - overspend £1,281,100**

The majority of this overspend (£1,218,100) relates to higher utility costs at the Civic Offices. This represents an exceptional and significant cost which will be met from the Council's Corporate Contingency. The remaining £63,000 relates to vacated space in the Civic Offices. Until new tenants are agreed, rental income will be under recovered

**4.8    Item 23 Health and Safety - overspend £25,800**

This has arisen from a reduction in rechargeable work. Consequently the service is exploring the potential for other income opportunities.

**5       Summary**

5.1    The overall net forecast outturn position on the portfolio, after taking account of Covid-19 related costs, windfall and exceptional & significant items funded from Corporate Contingency, is a net overspend of £379,600.

5.2    Since 2013/14 portfolio underspends have been retained in a portfolio specific earmarked reserve. This reserve is to be used initially to cover future year end overspendings, budget pressures, and contingent items and spend to save schemes. Once these instances have been satisfied, the reserve may be used for other developments or initiatives. The portfolio holder is responsible for approving any releases from the earmarked reserve in consultation with the Director of Finance and Information Services & S151 Officer and Cabinet.

5.6    After taking into account the forecast portfolio overspend, the uncommitted balance on the reserve is £125,300, some of which should be retained to guard against further financial risks that may arise during the year.

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Signed Director of Finance and Resources

**Appendices:**

**A       Forecast Revenue Variance Statement**

**Background list of documents: Section 100D of the Local Government Act 1972**

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The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>
Service Budget Monitoring files	CRS Accountancy team